

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 579

Admissions Tax

SPONSOR(S): Holder

TIED BILLS:

IDEN./SIM. BILLS:

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Economic Development Policy Committee		Tecler	Kruse
2)	Finance & Tax Council			
3)	Economic Development & Community Affairs Policy Council			
4)				
5)				

SUMMARY ANALYSIS

The bill cancels the repeal of an exemption in s. 212.04(2)(a)2.b., F.S., that prohibited taxing admission charges to certain events sponsored by a governmental entity, sports authority, or sports commission. The exemption was repealed on July 1, 2009. The bill amends s. 212.04(2)(a)2.b., F.S., to extend the exemption without expiration.

The Revenue Estimate Conference adopted a negative fiscal impact estimate of \$0.2 million per year on state revenues.

The bill will take effect upon becoming law and will operate retroactively to July 1, 2009.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Present Situation

Section 212.04, F.S., establishes a taxable privilege for selling or receiving anything of value by way of admissions. Admissions are taxed at 6 percent of the sales price or actual value received. The sales price or actual value of admission is the price remaining after deducting federal taxes, state and local seat surcharges, taxes, or fees imposed upon admission, and ticket office or ticketing service charges. A service or convenience charge added to the price of an admission by a ticket office or ticketing service charge is part of the sales price and is subject to sales tax.<sup>1</sup>

Prior to July 1, 2009, s. 212.04(2)(a)2.b., F.S., provided that no tax shall be levied on admission charges to events that are sponsored by a governmental entity, sports authority, or sports commission when held in a convention hall, exhibition hall, auditorium, stadium, theater, arena, civic center, performing arts center, or publicly owned recreational facility. The governmental entity, sports authority, or sports commission was responsible for 100 percent of the risk of success or failure of the event and was required to own 100 percent of the funds at risk for the event. Student or faculty talent could not be exclusively used for the event.

The terms "sports authority" and "sports commission" meant a nonprofit organization that is exempt from federal income tax under s. 501(c)(3) of the Internal Revenue Code and contracted with a county or municipal government for the purpose of promoting and attracting sports-tourism events to the community with which it contracts.

Section 212.04(2)(a)2.b., F.S., was repealed on July 1, 2009.

##### Effect of Proposed Changes

The bill cancels the repeal of an exemption in s. 212.04(2)(a)2.b., F.S., which prohibits taxing admission charges to certain events. The exemption was repealed on July 1, 2009. The bill amends s. 212.04(2)(a)2.b., F.S., to extend the exemption without expiration.

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<sup>1</sup> Chapter 2000-345, L.O.F., created s. 212.04(2)(a)2.b., F.S. The new admissions tax exemption was created with a repeal date of July 1, 2003. Chapter 2002-218, L.O.F., extended this tax exemption until July 1, 2006; and ch. 2006-101, L.O.F., extended the exemption until July 1, 2009.

The bill will take effect upon becoming law and will operate retroactively to July 1, 2009.

**B. SECTION DIRECTORY:**

Section 1. The bill amends s. 212.04(2)(a)2.b., F.S., to extend the exemption without expiration.

Section 2. The bill will take effect upon becoming law and will operate retroactively to July 1, 2009.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

The Revenue Estimate Conference adopted a negative cash fiscal impact estimate of \$0.2 million per year and a negative annualized fiscal impact of \$ 0.2 million per year.

2. Expenditures:

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

The Revenue Estimate Conference adopted an insignificant cash fiscal impact estimate per year and an insignificant annualized fiscal impact per year.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

The mandates provision appears to apply because this bill reduces the authority that counties or municipalities have to raise revenues in the aggregate; however an exemption applies because the Revenue Estimating Conference estimated that this bill will have an insignificant fiscal impact on local governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### **IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**